



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
GRANT COUNTY SHERIFF**

**Calendar Year 2000**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
[WWW.KYAUDITOR.NET](http://WWW.KYAUDITOR.NET)**

**144 CAPITOL ANNEX  
FRANKFORT, KY 40601  
TELE. (502) 564-5841  
FAX (502) 564-2912**



**EXECUTIVE SUMMARY**  
**AUDIT EXAMINATION OF THE**  
**GRANT COUNTY SHERIFF**

**Calendar Year 2000**

The Auditor of Public Accounts has completed the Grant County Sheriff's audit for calendar year 2000. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

**Financial Condition:**

Fee account receipts decreased by \$12,539 from the prior calendar year. As a result of fee pooling (see Note 5) during calendar year 2000, no operating disbursements are reflected on the Sheriff's financial statement. The Sheriff remits all fees directly to the fiscal court. The fiscal court pays all expenditures of the Sheriff's office. The Sheriff paid \$386,701 to the county for calendar year 2000 as fees.

**Deposits:**

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

**Special Accounts:**

The Grant County Sheriff's office maintains a Drug Fines and Forfeitures account. This account consists of money obtained through drug forfeitures and seizures. The account had a beginning balance of \$2,744, with receipts of \$23,531 and expenditures of \$24,062 during calendar year 2000. The account balance as of December 31, 2000, was \$2,213.

The Grant County Sheriff's office also maintains an account named the "Explorer Account". This is the operating account for the Explorer Scout Post. This account consists of the profits resulting from vending machine sales, fund-raising events, and donations. The expenditures from this account are to promote youth law enforcement programs throughout Grant County. The account was opened by the Sheriff in June 2000 and received \$4,691 through the end of calendar 2000. Funds totaling \$3,480 were expended during the calendar year and the balance as of December 31, 2000, was \$1,211.



## CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT .....	1
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES .....	3
NOTES TO FINANCIAL STATEMENT .....	4
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	9





EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Darrell Link, Grant County Judge/Executive  
Honorable Randy Middleton, Grant County Sheriff  
Members of the Grant County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the Sheriff of Grant County, Kentucky, for the year ended December 31, 2000. This financial statement is the responsibility of the Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the Sheriff for the year ended December 31, 2000, in conformity with the basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Darrell Link, Grant County Judge/Executive  
Honorable Randy Middleton, Grant County Sheriff  
Members of the Grant County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated September 27, 2001, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
September 27, 2001



GRANT COUNTY  
RANDY MIDDLETON, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2000

Receipts

State Grants		\$ 38,903
State Fees For Services:		
Finance and Administration Cabinet	\$ 5,768	
Cabinet For Human Resources	<u>118</u>	5,886
Fiscal Court		57,894
Circuit Court Clerk:		
Sheriff Security Service	\$ 25,000	
Fines and Fees Collected	<u>3,259</u>	28,259
County Clerk - Delinquent Taxes		2,600
Commission On Taxes Collected		213,437
Fees Collected For Services:		
Auto Inspections	\$ 11,150	
Accident and Police Reports	352	
Serving Papers	37,467	
Carrying Concealed Deadly Weapon Permits	8,101	
Delinquent Tax Add-On Fees	35,352	
Bond	97	
Election	125	
Miscellaneous	<u>1,245</u>	93,889
Interest Earned		<u>3,727</u>
Gross Receipts		\$ 444,595
Less: Statutory Maximum		<u>57,894</u>
Excess Fees Due County for Calendar Year 2000		\$ 386,701
Payments to County Treasurer - Various Dates (See Note 5)	\$ 386,322	
Payment to County Treasurer - September 27, 2001	<u>379</u>	<u>386,701</u>
Balance Due at Completion of Audit		<u>\$ 0</u>

The accompanying notes are an integral part of the financial statement.

GRANT COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2000.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent. Hazardous covered employees are required to contribute 8.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.78 percent.

GRANT COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2000  
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2000, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

Note 4. Special Accounts

- A. The Grant County Sheriff's office maintains a Drug Fines and Forfeitures account. This account consists of money obtained through drug forfeitures and seizures. The account had a balance of \$2,744 on January 1, 2000. The account received \$23,531 and expended \$24,062 during calendar year 2000. The account balance as of December 31, 2000, was \$2,213.
- B. The Grant County Sheriff's office maintains an account named the "Explorer Account". This is the operating account for the Explorer Scout Post. This account consists of the profits resulting from vending machine sales, fund-raising events, and donations. The expenditures from this account are to promote youth law enforcement programs throughout Grant County. The account was opened by the Sheriff in June 2000 and received \$4,691 through the end of calendar 2000. Funds totaling \$3,480 were expended during the calendar year and the balance as of December 31, 2000, was \$1,211.

Note 5. Fee Pooling

On August 1, 1999, the Grant County Sheriff's office began fee pooling with the county. At that time, the money collected each day was taken to the County Judge/Executive's office and the Finance Officer issued a receipt to the Sheriff's office. This practice continued through the end of May 2000. The amount listed as payments to the County Treasurer on the financial statement includes these daily transactions as well as individual checks paid to the county for the months of June through December 2000.

THIS PAGE LEFT BLANK INTENTIONALLY

REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Darrell Link, Grant County Judge/Executive  
Honorable Randy Middleton, Grant County Sheriff  
Members of the Grant County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the Grant County Sheriff for the year ended December 31, 2000, and have issued our report thereon dated September 27, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Grant County Sheriff's financial statement for the year ended December 31, 2000, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Grant County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
September 27, 2001



